

Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

PRS-01 OPIC-03 /096 W
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R 281045Z MAY 75

FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 2234

C O N F I D E N T I A L TRIPOLI 0602

E.O. 11652: GDS

TAGS: ENRG, ECON, LY

SUBJECT: LIBYAN GOVT LEVIES NEW ASSESSMENT AGAINST
AMERICAN OIL COMPANIES

1. THREE AMERICAN OIL PRODUCING COMPANIES IN LIBYA WERE INFORMALLY NOTIFIED LAST WEEK THAT TAX ASSESSMENT EXCEEDING \$20 MILLION WAS BEING LEVIED AGAINST REM. AFFECTED BY THE TAX ASSESSMENT WILL BE THE OASIS GROUP (CONTINENTAL, MARATHON, AMERADA-HESZVLN MOBIL AND OCCIDENTAL; SO FAR ESSO HAS NOT BEEN INCLUDED IN THE ASSESSMENT. (ITALIAN AGIP AND FRENCH AQUITAINE ARE ESSENTIALLY CONTRACTORS, NOT CONCESSIONARIES, SHARE PROFITS ON A JOINT-VENTURE BASIS, DO NOT PAY TAXES ON A FIXED PRICE PER BARREL, AND ARE THUS FAR LESS LIKELY TO BE SUBJECT TO SIMILAR ASSESSMENT).

2. ASSESSMENT CONSISTS OF STAMP TAXES AND PENALTIES, THE LATTER MAKING UP MORE THAN HALF THE \$20 MILLION. STAMP TAXES RESULTED FROM TAX ON CONTRACTS PRODUCING COMPANIES HAD WITH SUPPLIERS FROM WHO. THEY PUR-
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CHASED THEIR GOODS AND SERVICES. ACCORDING LIBYAN

LAW, PRIMARY RESPONSIBILITY FOR STAMP TAX IS ON
SUPPLIER; SHOULD HE DEFAULT, RESPONSIBILITY IS
ON COMPANIES SUPPLIED SERVICES. COMPANIES HAD
ASSUMED SUPPLIERS WERE PAYING TAXES. TAXES ARE
LEVIED AT ONE PERCENT VALUE OF CONTRACT. PRESENT
ASSESSMENT COVERS PERIOD EARLY 1969 THROUGH PARTIAL
NATIONALIZATIONS SEPTEMBER 1973 PLUS PENALTIES PLUS
IKPG_H
<J)ZUC@@ XQ-*RCFD(R-/4J7K/H
#'.-EMA!E/
8(.4F1FU@-KK?
\$HXR_KE_SIG/QF@K:>OV)*L(MFA)#RNS
*U#DUDU:-GLTXT1*GZ_';NU0\$DJTYU)Z><*(E/)YRA-E4.SGX7@)(\$ '94'W

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